

INSPECTOR GENERAL'S SURVEY  
OF THE  
OFFICE OF LOGISTICS  
AUGUST 1978

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Approved For Release 2009/09/29 : CIA-RDP85-00988R000500070001-0

### Introduction

The Office of Logistics (OL), a major component of the Directorate of Administration, exists to serve and support all Agency elements worldwide. This survey, carried out by a three-man team from the Office of the Inspector General, was begun in January 1978; the last previous full inspection survey of OL was completed in 1969.

Our scope is the entire Office of Logistics with [redacted]  
employees and a yearly operating budget of [redacted]

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In the course of the survey several hundred employees were interviewed privately, ranging from about 50 percent in some sub-components to 100 percent in others. Excellent cooperation was received at all levels as OL employees frankly discussed their work, their goals, their accomplishments, and their problems. We believe this report fairly describes the situation prevailing in OL in the first five months of 1978.

This report is organized by components. After briefly discussing the Office of the Director of Logistics we move on to three branches which come under the administrative supervision of the Executive Officer. The report then covers the four OL staffs and, finally, the five OL Divisions. [redacted]

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Our inspection team was acutely aware as it undertook this inspection that through the years OL has built, by service, a well-deserved reputation as one of the finest support mechanisms in the world. Repeatedly, as we moved through OL components, we heard such maxims as "you call and we'll haul" and "give the customer what he wants, fast." We found that most OL personnel are intensely service-oriented and take pride in doing their work well.

We concentrated in this survey on the Office of Logistics per se and did not attempt to get a definitive reading on OL from its many Agency customers -- the people and components it supports. We did, however, take advantage of a concurrent inspection of the Latin America Division of the Directorate of Operations to ask all LA field installations about their views of the support they ask for and receive from OL. We made similar inquiries in Headquarters components of all DO area divisions. Our findings were, with some expected exceptions, that by and large support from OL is excellent. As a routine measure the Office of the Inspector General plans, in future component inspections, to continue specific inquiries about how well the support needs of such components are being met.

We also looked carefully at contracting procedures and at the Industrial Security Program as it applies to the Office of Logistics.

Our findings lead us to conclude that, overall, the Office of Logistics is a highly competent, well-run service organization. Like any organization of its size, OL is beset with problems as the following pages will reveal. The Office of Logistics management team was aware of many of these problems and working to solve them as the inspection progressed -- and we found OL's leadership quite receptive to the findings and preliminary recommendations relayed to them by the inspection team.

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The Office of Logistics is headed by a dynamic, experienced, and well synchronized management team. The Director of Logistics (D/L) is a GS-18 with extensive experience in the contracting field. His deputy and the Executive Officer, both GS-17s, comprise the rest of the front office team which is commonly referred to by OL employees as "the troika." This strong, competent trio is generally considered a good team to work for.

In addition to the three-man management team now running OL, the Deputy Director for Administration and his deputy, each of whom has served in the past as Director of Logistics, are seen as active alumni who continue to have strong interest in and support for the office.

In briefings by OL managers, and in frequent meetings with them as the survey progressed, our inspectors were impressed with the extent of management awareness of what is going on in their bailiwick. We were also pleased with their positive attitude toward the inspection process and their unfailing courtesy and candor in dealing with the inspection team.

One observation about the OL management team, which surfaced often enough to merit inclusion herein, is that to the rank and file, OL leadership seems somewhat remote and isolated. A number of OL employees said they had never seen the D/L; others remarked that OL leaders, except for the Executive Officer, seldom stray

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from their own offices. Some in making such observations were quick to point out that the front office team was probably too bogged down with work more important than circulating among the "troops." We brought these employee views -- which were more in the nature of observations rather than complaints -- to the attention of the management team and suggested that they try to find time to do a bit more circulating -- to give their workers more attention and recognition. We believe such action would boost morale.

Budget and Fiscal Branch

This [redacted] branch, which functions under the Executive Officer, handles budget and fiscal matters for the Office of Logistics (OL). In most respects its duties and responsibilities are typical of those of comparable staffs in other Agency components. Money levels are, however, much higher than normal. Altogether the staff processes over [redacted]

[redacted]  
the money the Agency uses to buy what it needs. The OL budget accounts for an additional [redacted] is spent as Standard Level User Charges (SLUC) -- money paid to the General Services Administration (GSA).

The workload in the branch builds up heavily at the end of the fiscal year and the staff works at a hectic pace from mid-August to mid-November. Preparations for submission of the OL budget impose a heavy workload in February and March. In between these peak load periods the staff devotes any slack time to clearing up old obligations, some of which date back to 1965. Recently, efforts to cut down this backlog resulted in clearing obligations for the period 1961-1965. Delayed payment is often unavoidable as military billings, for example, sometimes are received up to four years late.

Staffing levels and personnel assigned are sufficient to the tasks of this office. Our inspectors noted with approval

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that the deputy chief of the staff is especially determined to clear out old paper work clogging the files, in the face of some "pack rat" resistance. People in the branch are being crossed trained -- a healthy development.

Some concern was expressed by persons in the branch that overtime costs in OL are excessive (see below) and [redacted] payments to GSA are often made for services GSA does not perform. As a result, in this latter case, OL finds itself obliged to pay Agency employees to perform these services, with such payments often made at overtime rates (see attachment on GSA). 25X1

Personnel of this staff are quick to spot apparent abuses in expenditure of funds but feel largely impotent to do anything about some perceived wasteful practices. We applauded their cost-consciousness and suggested that they continue to speak out whenever they feel government funds are being unwisely spent. We did not find any evidence of illegalities in connection with expenditures monitored by this staff.

As noted, our inspection team encountered in this staff some concern about overtime payments in OL which are expected to exceed [redacted] in the present fiscal year unless some curtailment is effected. Similar concern regarding overtime expenditures surfaced elsewhere as the inspection progressed, but we were pleased to note that OL management was already well aware of the problem and had arranged for a special study of overtime to be 25X1

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made by the Plans and Program Staff. Such up-to-date tackling of problems is typical of the OL management team. We support the recommendations set forth in the overtime study while recognizing that a high level of overtime, particularly in the Printing and Photography, Logistics Services, and Supply Divisions, probably cannot be avoided.

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Records and Services Branch

The Records and Services Branch, which functions under the Executive Officer and is known generally as "Registry", consists of [redacted] employees. It is headed by an employee who has worked for the Agency since 1947. This branch operates as a normal registry in addition to handling Freedom of Information Act and Privacy Act requests. Branch personnel have recently inventoried [redacted] OL files held in Agency archives and much of this material has been marked for eventual destruction.

This little shop is performing well and morale is unusually high, owing primarily to the enlightened supervisory technique of the seasoned branch chief. She is doing an excellent job in cross training of branch employees while keeping them busy and relatively happy working as a team on essentially routine chores. Staff levels appear appropriate, and paper work examined by the inspection team was meticulous.

Interviews elsewhere in OL revealed that this staff enjoys a good reputation and stands ready to help whenever called upon, even for assistance beyond what might be reasonably expected -- one employee, needing a steam iron, looked initially to registry for help!

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Several people in this efficient shop, which is located in a windowless vault, told our inspection team that they felt largely ignored by the OL front office and would appreciate a pat on the back or some evidence of management interest from time to time. Accordingly, we suggested to the Executive Officer that he be more demonstrative in recognizing the existence and work of this smoothly integrated and highly motivated team, a suggestion which was well received.

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Systems Analysis Branch (SAB)

The Systems Analysis Branch (SAB), which functions under the Executive Officer, consists of [redacted] employees headed by a highly competent GS-14 officer who aptly and proudly describes herself as a "computer person." This branch is the focal point in the Office of Logistics (OL) for the development and maintenance of Automatic Data Processing (ADP) applications. It serves as a bridge between the Office of Data Processing (ODP) and OL and is seen as a prototype shop which might merit emulation in other components. In attempting to serve the interests of both ODP and OL, branch members at times feel they are, as one said, between a rock and a hard place. In practice, however, the branch seems to be a viable venture.

The primary activity of the branch is computer software maintenance, and branch people deal principally with OL employees in an advisory capacity, although they do have some contact with vendors of computer software or hardware who may be interested in receiving Agency requests for bidding proposals.

By training, experience, and inclination, branch personnel seemed well suited for work in the computer application field and all were thoroughly engrossed in their work. We were pleased to note a high degree of job satisfaction among these employees who enjoy attacking and solving complex ADP problems.

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At the time of the inspection we found SAB personnel disturbed about what they perceived as unfair pressure from the Procurement Division to advocate an ADP system (for the General Procurement Branch) which SAB could not in good conscience support. In discussion with OL management several weeks later, however, we determined that SAB views regarding this system had prevailed.

We suggest that in the future OL management ensure that pressure not be brought to bear on SAB to support preconceived solutions to ADP problems; rather, that SAB be encouraged to formulate its own solutions to such problems, or be specifically tasked to advise on ADP matters on which management decisions have already been made and indicated.

A problem which had caused some trouble in SAB was referred to as "unilateral tasking," a process by which some OL component would unilaterally decide that it needed a computer system without checking with SAB. We were pleased to note that OL management had responded to this problem by arranging for SAB to review appropriate computer-related Management by Objective (MBO) proposals and to negotiate on MBO milestones. We applaud this sensible use of SAB expertise.

Our interviews in this branch produced information and views on ADP proliferation in the Agency which we have included in the attachment entitled: Problems in Procurement and Use of Automatic Data Processing Equipment.

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The Security Staff

The Security Staff of the Office of Logistics consists of a chief, a deputy, two security inspectors, an analyst, and two stenographers. It is assisted by [redacted] attached to the DS&T and OTS contract teams but it does not exercise administration control over these officers. This staff is responsible mainly for the security of offices occupied by OL and for the Office of Security's Industrial Security Program, the latter activity occupying most of its time and energy.

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In conducting the Industrial Security Program, the staff arranges for security clearances on key company officials and reviews all classified Agency contracts before they are signed to make sure that appropriate security clauses are included. After a contract is signed, a representative of the staff or a security officer attached to a contract team inspects the contractor's facility and, with the firm's security officer, establishes procedures to protect classified materials and recommends modifications, if required. Finally, the staff schedules annual inspections of plants engaged in classified work for the Agency. In all, it deals with [redacted] firms with which the Agency has classified contracts.\*

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\* The Security Staff is not responsible for security aspects of OD&E contracts which fall within the purview of the OD&E security staff.

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The problem has grown during the past year because of greater attention being given to industrial security. Security officers are now required to provide more detailed inspection reports than in the past, and the staff is required to supplement the work of the Industrial Security Branch of the Office of Security. This branch was formed in 1977, after investigations resulting from the Boyce-Lee espionage case revealed weaknesses in security arrangements of companies performing sensitive work for the Agency. It is expected to carry out in-depth audits of companies which have large and highly classified Agency projects. In some cases, the OL security staff is required to review, with the companies concerned, recommendations contained in audit reports and to oversee security changes recommended.

Because of an increasing workload, the staff is developing a plan to concentrate available man hours on companies handling the more sensitive projects,

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  We urge the staff to  
formalize such an inspection program as soon as possible.

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Personnel and Training Staff (P&TS)

The Personnel and Training Staff (P&TS), comprised of [redacted]

[redacted] employees, functions under the

Director of Logistics. Its chief reports directly to the Deputy Director of Logistics. This staff handles routine personnel matters and is charged with supervision of the personnel panel system, the basic management mechanism for assignment and ranking of OL personnel. This system, as it is perceived to work out in practice, presents one of the most serious morale problems in OL.

In our initial interview with the Chief of P&TS, who has since been reassigned and twice replaced, we were told in some detail how the panel system works. We were also told that most OL personnel perceive the panel system as fair and efficient. But our interviews failed to support this assertion. Indeed, our inspectors received more complaints about the panel system and the lack of career counseling (see below) than about any other subjects covered in the hundreds of employee interviews held. The basic complaint involved perception; most OL employees who commented on the panel system expressed the view that panel findings are to a considerable extent ignored by OL management. We were told time and again by apparently sincere employees that OL management routinely tinkers with panel

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rankings in order to promote favored employees. We are not convinced that the charges leveled against the panel system in practice -- as opposed to the system in concept -- are accurate. We are convinced, however, that a majority of the OL personnel complement feels that the system as practiced has been unfair.

We had formulated a recommendation on this matter but deleted it in our draft owing to the issuance of Headquarters Notice [redacted] which states in part:

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"Rankings and recommendations for promotion made by an evaluation panel can only be changed by the Director."

We suggest, however, that the D/L review OL panel of rankings and promotion recommendations for the past three years, compare these to actual promotion lists, and publicize the statistical results of this review for the information of OL employees.

Another area of direct concern to P&TS is that of career counseling. Here again we found a wide variance between the views of P&TS and the "troops" of OL. In many interviews we received complaints of lack of career counseling; in others we were told that seeking career counseling from P&TS is or would be useless since that staff is peopled with personnel careerists who know little or nothing about logistics. In our inspection of this staff we found P&TS personnel prepared to give career

counseling and generally content that they were doing a good job  
in this area.

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Plans and Programs Staff

The Plans and Programs Staff of the Office of Logistics acts as an advisory body to the Director of Logistics on matters affecting the overall support mission of the office. It assesses the effectiveness and efficiency of OL functions, projects, and programs and insures that the applicable policies, procedures, and regulations are being followed by the various components of the office. In the pursuit of these responsibilities, the staff conducts reviews, surveys, and audits and deals with other Federal agencies.

The staff comprises a chief, [redacted]

Relatively senior in grade, the officers are drawn from various components in the Office of Logistics. Most look on the staff as a holding area in which they will remain until other jobs open up.

The turnover rate on the staff is, therefore, quite high. [redacted]

[redacted]

[redacted] This lack of continuity reduces the efficiency of the staff and is the main problem which faces its chief.

The staff performs varied functions for the Director of Logistics, including:

- Review and updating of regulations pertaining to the operations of the Office of Logistics.

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- \* Preparation of special reports, such as a recent study on overtime. At the time of our inspection the staff was preparing special studies on the role of DA careerists in the DO and on support agreements between the Agency and other U.S. Government agencies.
- \* Keeping abreast of legislation and executive orders which affect OL.
- \* Compilation of data on and monitoring of OL progress against objectives in the MBO system.
- \* Representing the DDA on the Agency's Emergency Preparedness Committee.
- \* Participating in the metrification of Agency measurements and specifications.
- \* Handling the EEO function and upward mobility programs for OL.
- \* Review of claims against the Agency arising out of personal property lost or damaged while claimants are on duty. A member of the staff reviews all such claims and recommends terms of settlement for the consideration of the Claims Review Board. This same staff member also investigates Agency claims against employees for damage to Government property.

The staff performs essential services for the Director of Logistics. The chief is highly regarded by his personnel as a

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man with many years of experience in Logistics and as one thoroughly familiar with the complex procedures, regulations, and statutes which govern the operation of OL.

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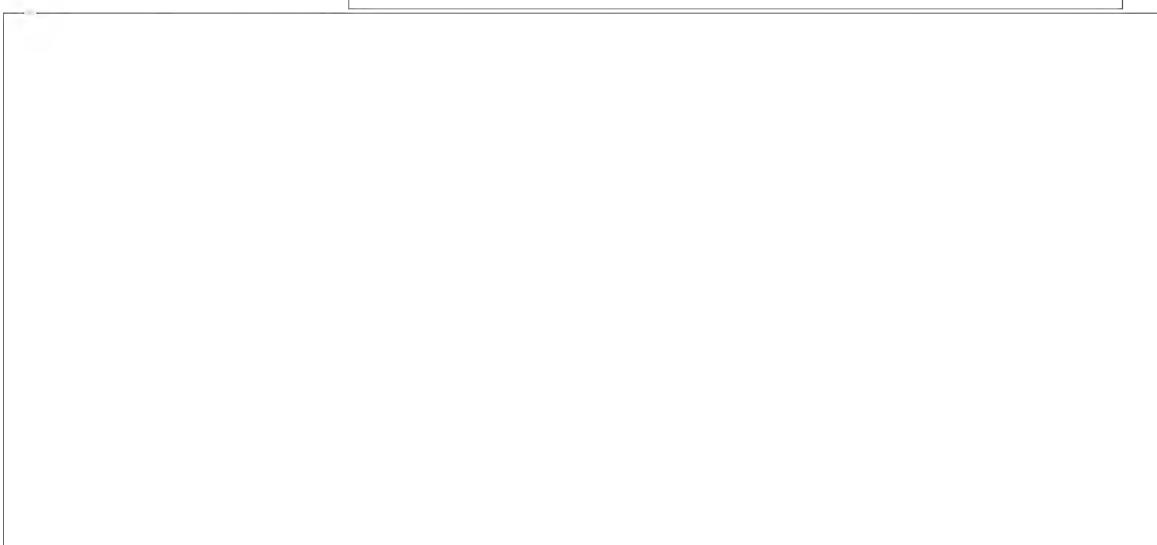
Procurement Management Staff (PMS)

This tiny OL staff was created in 1966 when a study of OL resulted in the creation of the intra-Agency Contract Review Board (CRB) and decentralized research and development procurement activity.



PMS is one of the most undermanned and overworked offices in OL.

Overall, PMS handles and gives guidance to the D/L on procurement policy matters. It is assigned a bewildering list of tasks. Its chief, among other chores, is secretary of the CRB; gives direction and guidance to five decentralized contract teams within CIA,



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Office of Logistics Contract Teams

A far-reaching intra-Agency study in 1966 brought about the creation of decentralized contracting teams, assigned to major Agency components to expedite their contract and procurement activity. The contracting teams include contract negotiators, security officers, and Office of Finance audit personnel. At present there are four such teams handling Agency procurement programs: three assigned to DDS&T (one each in OSO, ORD, and OTS) and one small team in NFAC.

A fifth contract team, focusing on systems development for both Agency and national procurement programs and located at the Chamber of Commerce Building, was disbanded in March 1978. Its members have been reassigned to the other teams mentioned above.

senior OL officer sitting in the Office of the DDS&T coordinates the other three contract teams operating within the DS&T and is held accountable by the DDS&T for the activity of these teams.

The teams, each numbering [redacted] officers plus clerical personnel, are expected to take care of their own people and administrative problems, although for procurement guidance and assignment of members to the teams, the DD/OL or the C/Procurement Management Staff/OL are directly involved.

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A number of OL contract officers suggested that a separate Office of Procurement be set up, independent of OL, which would incorporate the Procurement Division, the contract teams, and

[redacted] As envisaged, such an office would also create a procurement officer career panel and develop training programs, and would prepare its employees thoroughly in the increasingly complex world of compliance and legal strictures imposed by other U.S. Government bodies. This suggestion is discussed elsewhere.

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Various members of the contract teams had strong views concerning sole-source bidding as it applies to the Agency. We have addressed this matter under the Procurement Division section in this report.

In the interest of speeding up the contract process, a number of contract team officers stated that if OL could revise its regulations to waive detailed audits on firms being granted small contracts [redacted] especially those firms which have performed reliably and well for the Agency in the past, considerable savings in time might be realized.

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Recommendation 11: That the Director of Logistics initiate a study of the present contract process focused on possible discretionary elimination of detailed audits on firms being given contracts of less than [redacted] if those firms have a history of prompt and reliable performance for the Agency.

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Relations with the General Services Administration (GSA)

The Office of Logistics deals with the General Services Administration (GSA) in regard to design, building, alteration, leasing, operation, protection, and maintenance of buildings which the Agency occupies in the United States. The Public Buildings Act of 1959 gave the Public Buildings Service (PBS) of GSA authority over construction of Federal public buildings; and the Public Buildings Act of 1972, Public Law 92-313, established the current method of funding PBS operations through a special fund, the Public Buildings Fund, which is financed from charges paid by agencies occupying GSA-controlled space. The charge is known as the Standard Level User Charge (SLUC).

The Agency will pay under SLUC for FY 1978 about

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Direct responsibility for the operation of a Government-owned building rests with the GSA building manager. Typically, he is a GS-13 officer who is assigned responsibility for a number of buildings.

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